

Message Text

SECRET

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 STR-02 EB-04 NSAE-00 INR-05
CIAE-00 L-01 NSC-05 SP-02 IO-06 PRS-01 OMB-01
TRSE-00 OES-02 ACDA-12 EUR-08 /070 W
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R 041116Z NOV 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 2057

S E C R E T TOKYO 17084

LIMDIS

ALSO FOR STR STRAUSS AND AMB. WOLFF

E.O.11652: GDS
TAGS: ETRD, MTN, JA
SUBJECT: AMBASSADOR'S CALL ON PRIME MINISTER

REF: STATE 262842

1. SUMMARY: AMBASSADOR CALLED ON PRIME MINISTER FUKUDA ON NOV 4 TO DELIVER LETTER FROM PRESIDENT. PRIME MINISTER EXPRESSED APPRECIATION FOR PRESIDENT'S UNDERSTANDING AND INTEREST AND CONFIRMED INTENTION TO MOVE AHEAD WITH NEW MEASURES TO REDUCE TRADE PROBLEMS. AMBASSADOR DESCRIBED U.S. EFFORTS ADOPT STRONG ENERGY PROGRAM, INCREASE EXPORTS, AND MAINTAIN STRONG ECONOMY. PRIME MINISTER STATED HE WOULD WELCOME AMB. STRAUSS TO DISCUSS ALL OUTSTANDING ISSUES AND SAID AMB. WOLFF OR OTHER REPRESENTATIVE WOULD BE WELCOME TO MAKE ARRANGEMENTS FOR STRAUSS VISIT. END SUMMARY.

2. PRIME MINISTER FUKUDA AT NOV. 4 MEETING WELCOMED AMB. MANSFIELD, NOTING THAT IT IS GOOD TO MEET FROM TIME TO TIME. HE EXPRESSED UNDERSTANDING OF THE U.S. DECISION REGARDING THE ILO. HE SAID THAT THE PRESI-

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DENT HAD MADE A DIFFICULT DECISION ON THE ILO AND RECOMMENDED THAT THE U.S. CONSIDER RE-ENTERING THE ILO IF CHANGES IN ITS ORGANIZATION WERE MADE. THE AMBASSADOR GAVE THE PRIME MINISTER THE LETTER FROM THE PRESIDENT ON CURRENT ECONOMIC PROBLEMS, EXPLAINING THAT WE DID NOT INTEND TO RELEASE THE TEXT. PRIME MINISTER TOOK TIME TO READ THE LETTER CAREFULLY.

3. THE AMBASSADOR EXPLAINED THAT THE PRESIDENT REMAINS COMMITTED TO FREE TRADE AND UNDERSTANDS FULLY THE NEED TO AVOID PROTECTIONIST ACTIONS WHICH WOULD DAMAGE WORLD TRADE. HE SAID BOTH THE U.S. AND JAPAN DESERVE CREDIT FOR STRONG EFFORTS TO ACHIEVE LONDON SUMMIT OBJECTIVES. AMBASSADOR SAID THAT THE U.S. IS SERIOUS ABOUT AN EFFECTIVE ENERGY PROGRAM WHICH SHOULD PASS CONGRESS SOON. U.S. IS ALSO PLANNING EXPANDED EXPORT PROMOTION EFFORTS AND IS MAINTAINING A SOUND DOMESTIC ECONOMY. HE NOTED THAT THE PRIME MINISTER HAS PROBLEMS IN THE DIET BUT STRESSED THAT THE PRESIDENT ALSO HAS PROBLEMS IN THE CONGRESS. HE EXPRESSED APPRECIATION FOR THE PRIME MINISTER'S EFFORTS TO SOLVE ECONOMIC PROBLEMS WHICH ARE GLOBAL IN NATURE. HE ADDED THAT ECONOMIC PROBLEMS MUST BE EASED BEFORE THEY BECOME POLITICAL MATTERS. THE ECONOMIC WELFARE OF THE WORLD DEPENDS HEAVILY ON U.S. AND JAPANESE ACTIONS. PROTECTIONISM WOULD BE COSTLY TO US BOTH, SO IT IS IMPORTANT TO AVOID PROTECTIONIST ACTIONS AND STABILIZE TRADE.

4. THE PRIME MINISTER SAID HE AGREED WITH THOSE REMARKS AND WITH THE VIEWS EXPRESSED BY THE PRESIDENT IN HIS LETTER. HE EXPRESSED DISAPPOINTMENT THAT WEST GERMANY HAD LOWERED ITS FIVE PERCENT GROWTH TARGET. HE ALSO NOTED THAT THE U.S. CURRENT ACCOUNT DEFICIT IS RUNNING MUCH HIGHER THAN WE HAD EXPECTED AT THE LONDON
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SUMMIT. HE POINTED OUT THAT THE DIET HAS PASSED A YEN 2 TRILLION SUPPLEMENTARY BUDGET AND THAT JAPAN WOULD MEET ITS 6.7 PCT GNP GROWTH TARGET. HOWEVER THE APPRECIATION OF THE YEN IS HURTING SMALL AND MEDIUM-SIZED JAPANESE BUSINESS AND IS A NEW HEADACHE FOR HIM.

5. HE SAID THAT "EMERGENCY MEASURES" ARE UNDER STUDY. JAPAN IS VERY INTERESTED IN INCREASING IMPORTS OF ENRICHED URANIUM, NON-FERROUS METALS, AND AGRICULTURAL COMMODITIES. HE SAID HE WOULD LIKE TO REDUCE SIGNIFICANT JAPANESE TARIFFS IN ADVANCE OF THE CONCLUSION OF THE MTN. WHILE HE IS OPTIMISTIC ABOUT THE LONGER-TERM HE RECOGNIZED THE NEED FOR "EMERGENCY MEASURES" AND ASKED FOR THE AMBASSADOR'S COOPERATION IN ASSISTING JAPAN TO ARRANGE FOR IMPORTING ENRICHED URANIUM. THE AMBASSADOR SAID HE WOULD BE HAPPY TO URGE IMMEDIATE AND SERIOUS CONSIDERATION OF THE PRIME MINISTER'S EXPRESSION OF INTEREST IN PURCHASING ENRICHED URANIUM.

6. THE AMBASSADOR NOTED THE LETTER FROM THE PRESIDENT DID NOT DEFINITELY SAY AMBASSADOR STRAUSS WOULD VISIT JAPAN IN

EARLY DECEMBER, BUT HE HOPED THAT STRAUSS COULD COME SOON, PERHAPS SENDING A SENIOR ADVISOR IN ADVANCE TO WORK OUT A PACKAGE. THE PRIME MINISTER NOTED THAT THE FORECAST BY THE OECD FOR NEXT YEAR PRESENTS A DARK PICTURE. HE IS CONCERNED ABOUT THE DOLLAR AND NOTED THAT ITS VALUE HAD BEEN DECLINING AGAINST STERLING AND THE DM AS WELL AS THE YEN. HE SAID HE WAS CONCERNED THAT THIS COULD BECOME AN EXCUSE FOR THE ARABS TO INCREASE THE OIL PRICE. HE SAID HE WAS AWARE THAT WE ARE MAKING EVERY EFFORT TO PREVENT AN OIL PRICE INCREASE. THE AMBASSADOR CONFIRMED THAT THE ADMINISTRATION IS TAKING EVERY POSSIBLE STEP TO PREVENT AN OIL PRICE INCREASE. HE SAID THAT THE PASSAGE OF AN ENERGY BILL SHOULD HELP STABILIZE U.S. DEMAND FOR OIL AND THAT
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THERE IS A STRONG NEED FOR ENERGY CONSERVATION IN THE U.S. THE PRIME MINISTER AGAIN EXPRESSED APPRECIATION FOR THE LETTER FROM THE PRESIDENT. HE SAID HE HOPES THAT AMB. STRAUSS CAN VISIT JAPAN FOR DISCUSSIONS ON MTN AND OTHER MATTERS. HE WOULD BE GLAD TO HAVE STRAUSS CALL ON HIM. HE ADDED THAT AMB. WOLFF WOULD BE WELCOME IN JAPAN TO MAKE ADVANCE ARRANGEMENTS.
MANSFIELD

SECRET

NNN

Message Attributes

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